UAC INSURANCE MUTUAL

Board of Trustees Meeting

Thursday, July 29, 1999, 9:30 a.m. Utah Association of Counties Offices

1		G	Ē	M	D	4	
9:30	Call to Order						Gary Herbert
	Review of Board M	Gary Herbert					
	Approval of June	Gary Herbert					
	Loss Control Mana	agers Report					Shawn Guzman
	Broker Report						John Chino
	County Drivers Po	olicy					Brett Rich
	Director's Report						Brett Rich
	Summary of Finan	cial Statement	s				Brett Rich
11:30	Lunch						
	Set Date and Time to Discuss Pending			Litigation			
	Action on Litigatio	n Matters					Kent Sundberg
	Set Date and Time to Discuss the Cha			etence, or Physic	al or Mental l	Health of a	n Individual
	Other Business						Gary Herbert

Adjourn

1:30

July 29, 1999, 9:30 a.m. Utah Association of Counties Offices

BOARD MEMBERS PRESENT

Gary Herbert, President, Utah County Commissioner

Jerry Hess, Vice President, Davis County Deputy Attorney

Royal Norman, Box Elder County Commissioner Tex Olsen, Sevier County Commissioner Kent Petersen, Emery County Commissioner

Ed Phillips, Millard County Sheriff

Kent Sundberg, Utah County Deputy Attorney

BOARD MEMBERS ABSENT

Dan McConkie, Secretary-Treasurer, Davis County Commissioner

Tony Dearden, Millard County Commissioner Chad Johnson, Beaver County Commissioner

Sarah Ann Skanchy, Cache County Council Member

OTHERS PRESENT

Brent Gardner, UAC Executive Director

Brett Rich, Director, UACIM

Shawn Guzman, UACIM Loss Control Manager Sonya White, UACIM Administrative Assistant

John Chino, GRMS Account Executive

Doug Alexander, McLarens Toplis Claims Manager

CALL to ORDER

Gary Herbert called the meeting to order and welcomed those in attendance.

REVIEW of BOARD MEMBERS ABSENT

Chad Johnson contacted UACIM staff to explain that he had a family matter and was unable to attend the June 24 meeting and he asked to be excused from this meeting due to a family matter. Dan McConkie, Tony Dearden and Ann Skanchy also requested to be excused due to prior commitments. Tex Olsen made a motion excusing the absent Board Members from this meeting and Chad Johnson from the June 24 meeting. Ed Phillips seconded the motion, which passed unanimously.

APPROVAL of MINUTES

The minutes of the Board of Trustees meeting held June 24, 1999 were previously sent to the Board Members for review. Royal Norman made a motion to approve the minutes as written. Jerry Hess seconded the motion, which passed unanimously.

LOSS CONTROL MANAGER'S REPORT

Shawn Guzman reviewed his written report with the Board (see attachment #1).

BROKER REPORT

John Chino reported that he and Rich Stokluska are in negotiations with the reinsurance carriers for the 2000 renewal. The counties' exposures have increased substantially in the last year and the loss information shows an upward trend but Chino and Stokluska are going to try to keep premiums down by reviewing the program and loss control department's efforts in reducing loss with the reinsurance carriers in their negotiations.

John stated that Brett Rich brought to his attention an oversight in the coverage document language in the area of public employee crime coverage. An exclusion will be added for those officials who are required by statute to be bonded.

æ

COUNTY DRIVER POLICY

Brett Rich reported that the Board adopted a County Driver Review Policy in January 1996. Most member counties are not following this policy and the county Accident Review Boards are not meeting and reporting to UACIM as recommended. Brett gave a presentation to the Board with charts showing the exposure, loss & claim experience, claim frequency & severity and the costs of excess liability coverage (see attachment #2). The insured value of the Mutual members has increased 60% from 1997 to 2000 but Brett reported his main concern is in the area of vehicle losses. 1994 was the worst loss year in the Mutual's history but in 1999 the trend is looking to be as high. With a Mutual the size of UACIM and the number of autos reported, the losses should total under \$300,000 each year. Already in 1999, as of month ending July, the vehicle loss experience is at \$442,370. Other areas such as civil rights, general liability and property are trending down.

With these upward trends, Brett presented the following potential changes the Coverage Agreement and/or County Driver Review Policy:

- 1. Raise the deductible from \$1000 to \$1500
- 2. Require a DMV report on all county officials, employees and volunteers who are likely to drive an auto in the scope of county employment.
- 3. Exclude all drivers with DUI in the past three years.
- 4. Exclude drivers with two or more at-fault or single vehicle accidents in the past three years, or three accidents overall.
- 5. Exclude all drivers with more than 180 points on DMV.
- 6. Require all county drivers to complete a driver-training course every two years.

Tex Olsen made a motion to present the loss information to the UACIM Advisory Committee with recommended policy changes 2-6 (number 3 to include alcohol related recklessness) for their comments and recommendations to the Board for approval. Ed Phillips seconded the motion, which passed unanimously.

With this loss experience the broker is going to have to work hard in the reinsurance negotiations to keep our premiums stable as they have been for the past four years. Signet Star is our liability carrier who controls the attachment point. The brokers have indicated they do not anticipate any problems with Reliance, the Mutual's property carrier. Brett will be accompanying the Brokers in their negotiations and recommended that a Board Member also accompany them. Once the meeting is scheduled in August, Brett will contact the Members to see who will be able to go.

The Board requested that John Chino conduct a benchmark study to compare the Mutual's vehicle physical damage losses to the insurance industry.

DIRECTOR'S REPORT

Brett Rich reported that Wasatch County has given notice that they will be bidding their property and casualty insurance coverage for 2000.

SUMMARY of FINANCIAL STATEMENTS

Brett Rich reviewed the June financial statements with the Board. The Statement of Admitted Assets, Liabilities and Surplus, page three, shows that there is a decrease, under admitted assets, of \$187,479, a decrease of \$280,930, under liabilities and an increase of \$93,451, under surplus, from last month. The Statement of Income, page four, shows an increase of \$72,489 from last month. The Statement of Changes in Surplus, page five, shows that surplus is now only \$20,469 less than in March 1999 prior to the \$300,000 debenture payment. The Budget to Actual Comparison, page 12, shows that revenues are higher than 50% at six months. Expenses are below or at 50% of the budgeted amount except for Professional Fees, of which the total audit and actuarial payments have been made for the year. UACIM is strong financially but may not be able to maintain the contractual attachment point amount if losses continue to increase.

SET DATE and TIME for CLOSED MEETING

Kent Petersen made a motion to set the date and time for a closed meeting to begin at 12:45 p.m. on July 29, 1999, to discuss pending or reasonably imminent litigation. Ed Phillips seconded the motion, which passed unanimously.

			,	
				,
*				

Jerry Hess made a motion to conclude the closed meeting at 1:15 p.m. July 29, 1999. Royal Norman seconded the motion, which passed unanimously.

ACTION on LITIGATION MATTERS

Kent Sundberg made a motion authorizing settlement on claim number 801WAT998666 in the amount or \$150,000 and directed Doug Alexander to submit the amount of \$160,538.12 to Reliance Reinsurance Company for a total claim settlement of \$310,538.12. Kent Petersen seconded the motion, which passed unanimously.

Kent Sundberg made a motion to increase settlement authority on claim number 801IRO988429 in the amount of \$7,500 for a total settlement authorization of \$57,500. Royal Norman seconded the motion, which passed unanimously.

OTHER BUSINESS

The next meeting of the Board of Trustees will be held on Thursday, September 2, 1999 at 9:30 a.m. at the UAC offices.

Approved on September 2, 1999

Dan R. McConkie, UACIM Secretary-Treasurer

Davis County Commissioner

.

.

do.



5397 South Vine Street Salt Lake City, UT 84107 (801)265-1331 Fax (801)265-9485 Loss Control Report July 28, 1999

Iron County Jail

Brett and I met with Scott Burns, Iron County Attorney, to discuss recommendations for changes to the contract between Iron County and the State of Utah governing the operation of the jail. Liability issues regarding personnel and the possibility of claims where the State of Utah and Iron County may be adverse to one another are the main areas of concern. Presently, the majority of the personnel at the facility are county employees, while the director is a state employee. Pete Hahn, Iron County Commissioners, and Brett and I will meet again on the 9th of August to discuss changes.

Road Department Safety Workshops: CMVO-Coaching the Maintenance Vehicle Operator

We are working with Utah T2 Center to begin scheduling for the fall '99 CMVO/Vehicle Inspection Training for those counties we were not able to schedule before the summer season.

Supervisor Training

We are continuing to work with the counties and the UACIM Personnel Committee to develop a supervisor training workshop based on materials presented by Jay Francis Valerga at the 1999 Personnel Workshop. This training will be held at the county level, with the potential of combining some of the smaller counties together for a one day workshop.

Jail Inspections

The Utah Sheriff's Association continues to keep us advised on their jail inspection program and the dates of the inspections. The inspectors have been very accommodating by allowing me to attend the inspections. The program for inspecting the jails developed

		4.
	v	
		4

by the USA is extremely thorough and professional. The regular inspections of the jails has definitely raised the awareness of jail staff to liability concerns faced by county jails.

The most cost-effective manner to prevent losses in the jails is for UACIM to continue to work with the USA and the Jail Commander's Association to provide training and sample policies as needed.

Jail Grievance Policy

We are awaiting feedback from Frank Mylar regarding the last draft of the Jail Grievance Policy. Once we have received his input, we will make the final changes and send it out to all Sheriffs with jails.

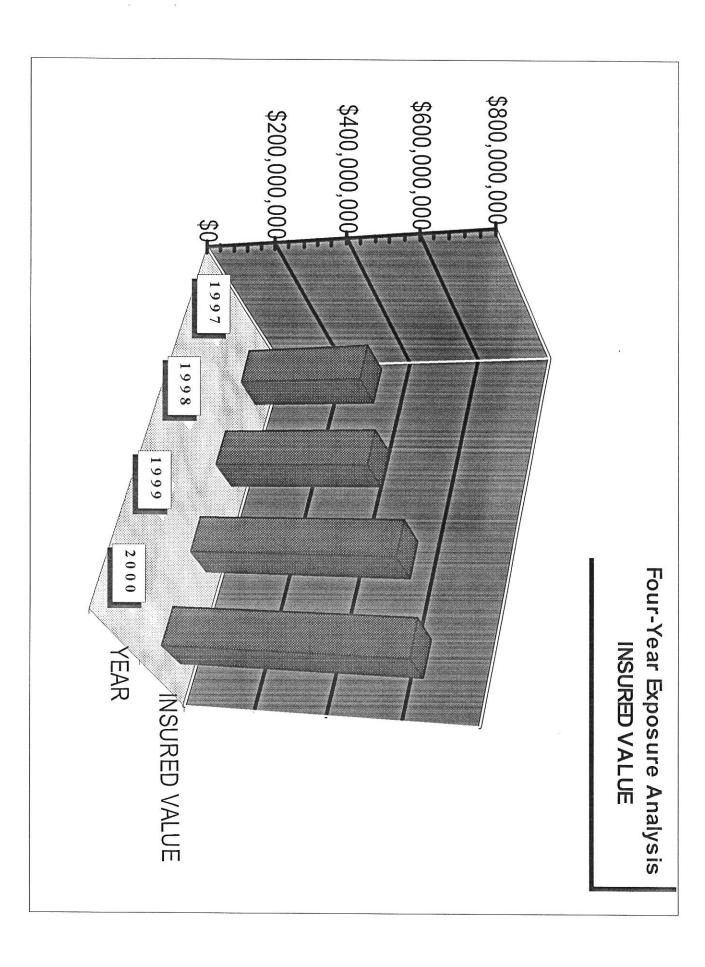
This policy should make it more difficult for inmates to file law suits against us on issues such as mail policies, lack of adequate heat, etc.

Defensive Driving Course

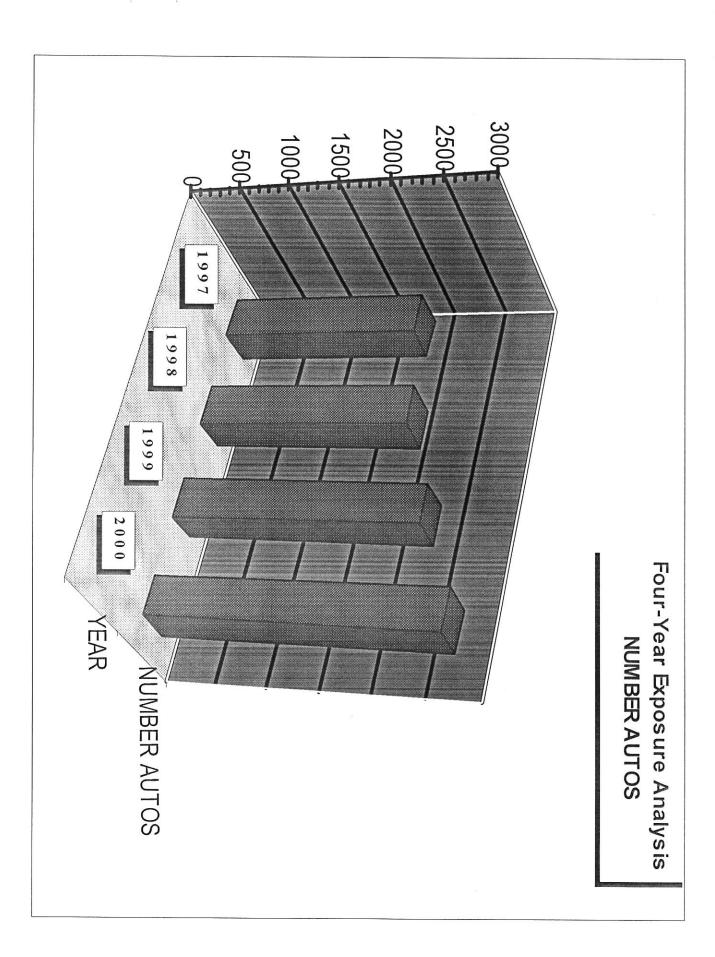
The next DDC is scheduled for August 12 in Grand County. We have been charging \$4 per person (the cost of the booklet). The Utah Safety Council charges \$25 per person, more if they have to travel to conduct the course. Auto claims in the Mutual are rising again.

The '00 renewal information shows an increase of 163 licensed vehicles over 1999, with an increased value of \$3,461,863 over 1999 values (approximately \$21,000 per vehicle).

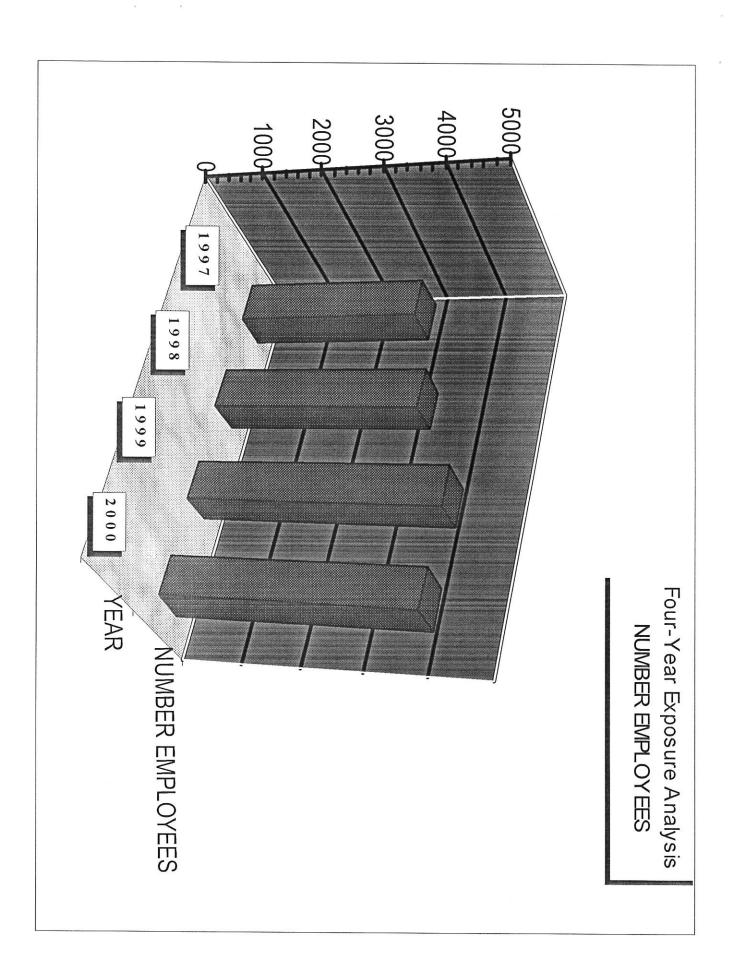
1				•	
,					

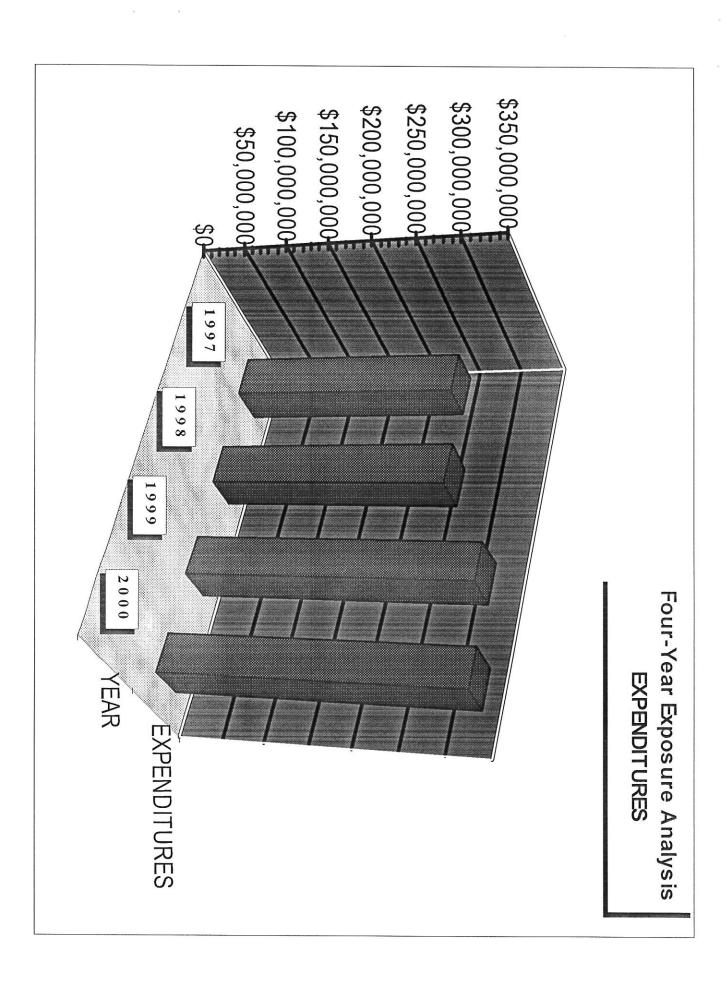


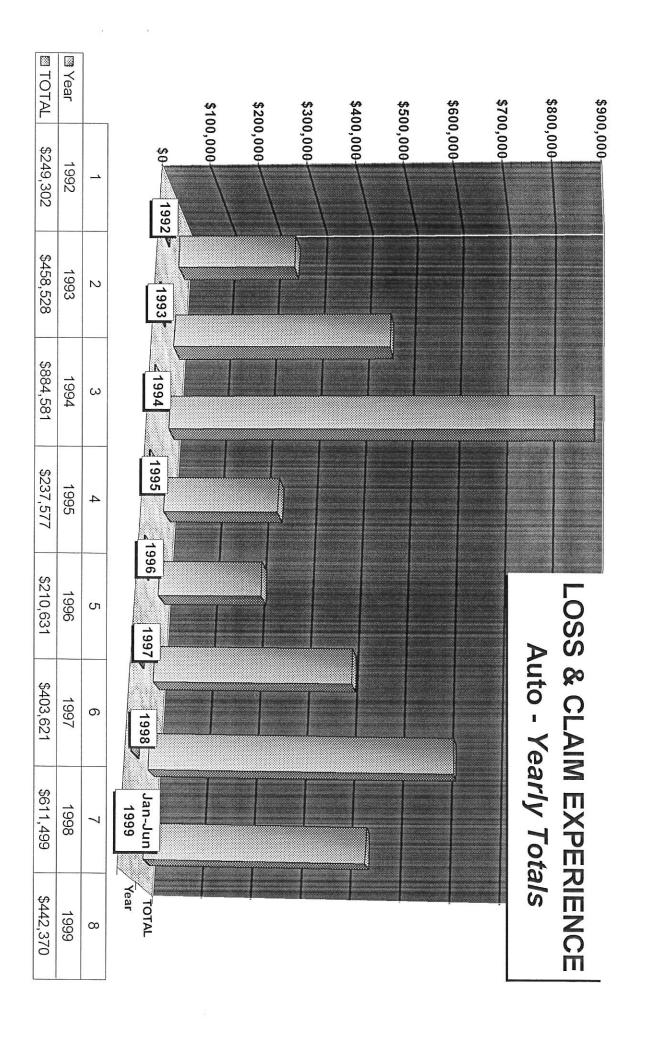
8				

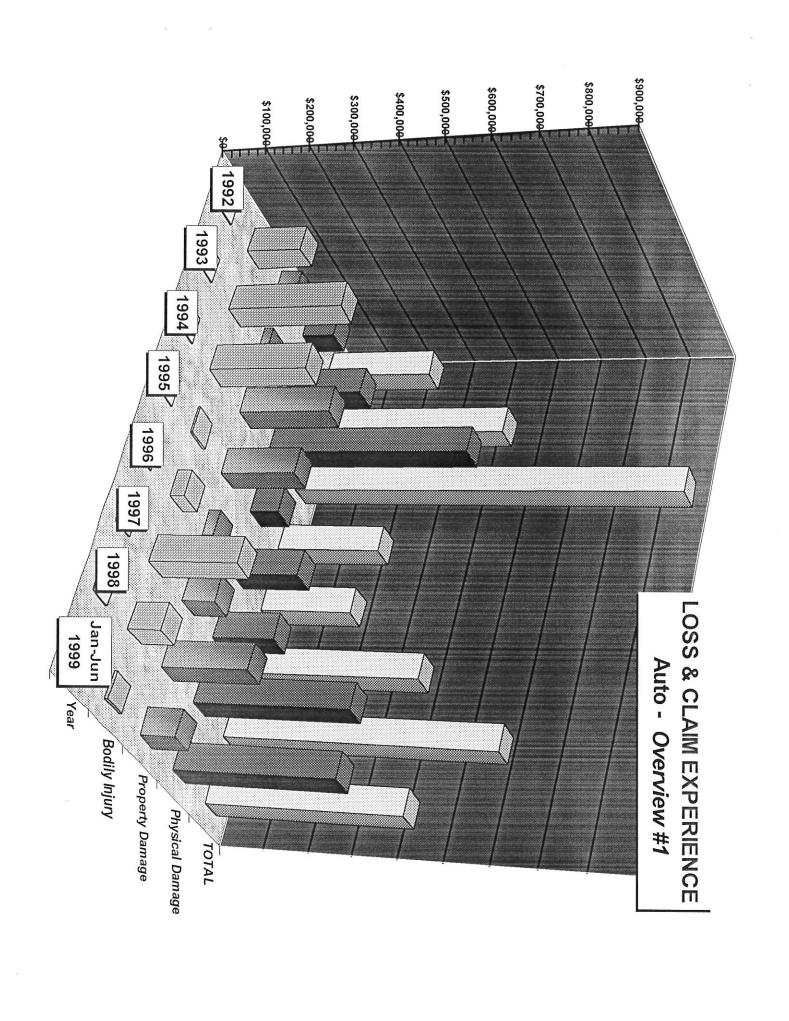


A.			ov se	
pa ²				

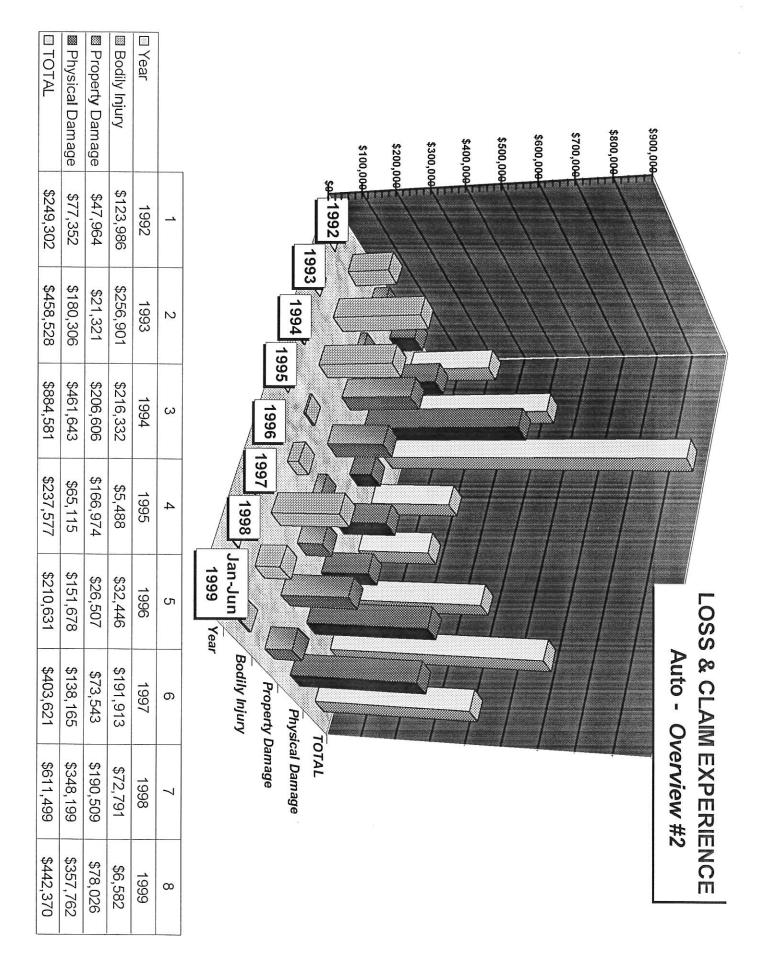




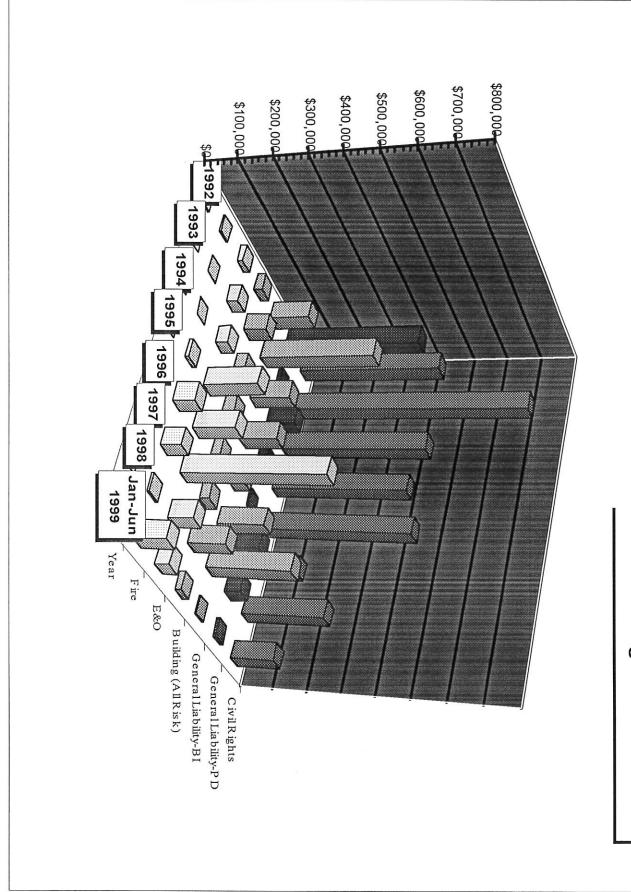




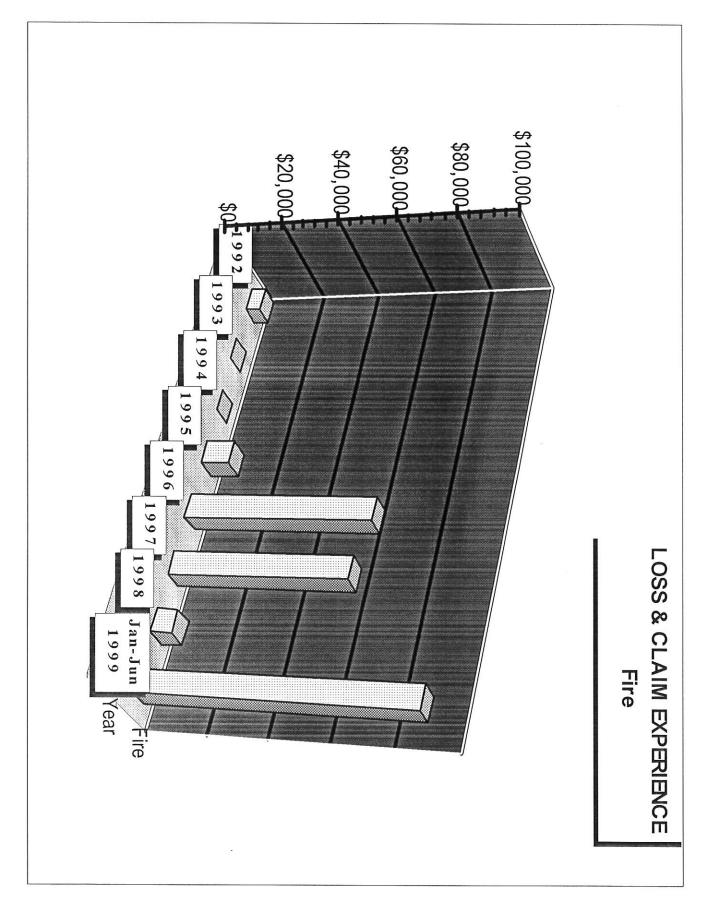
. .



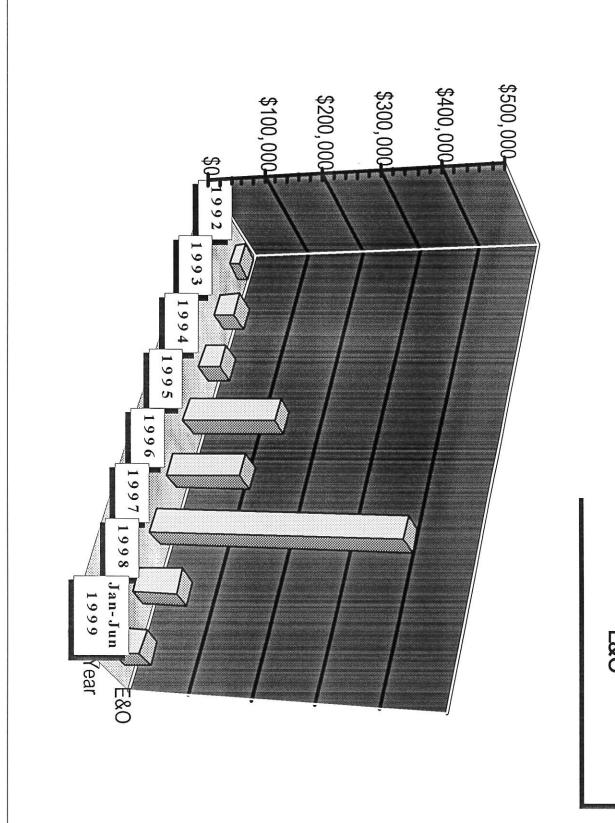
.



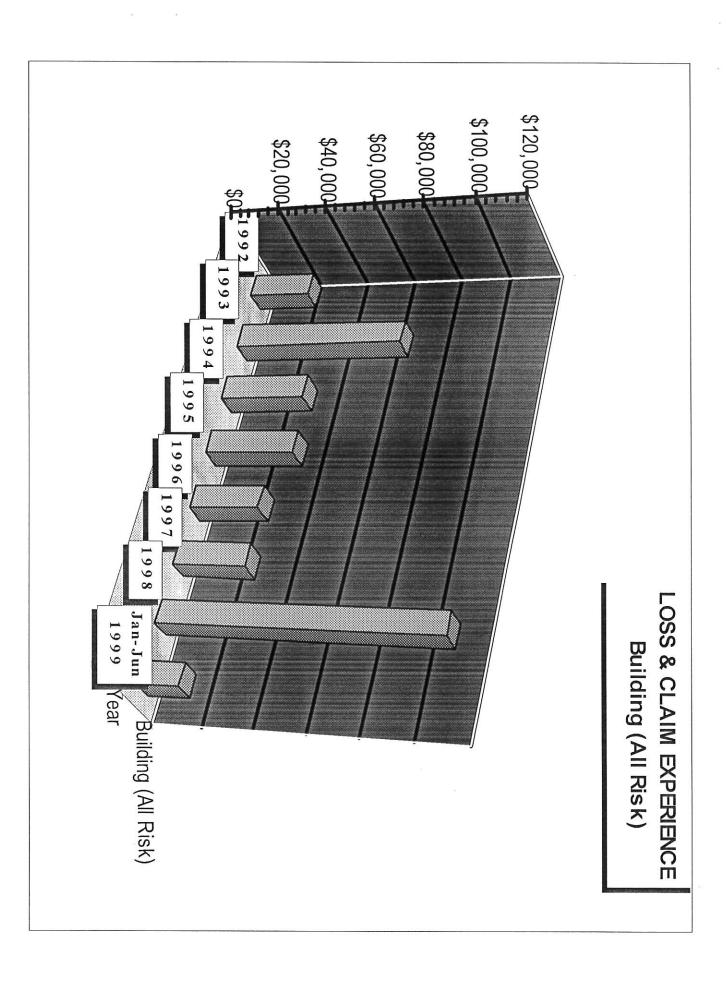
LOSS & CLAIM EXPERIENCE Coverage Overview



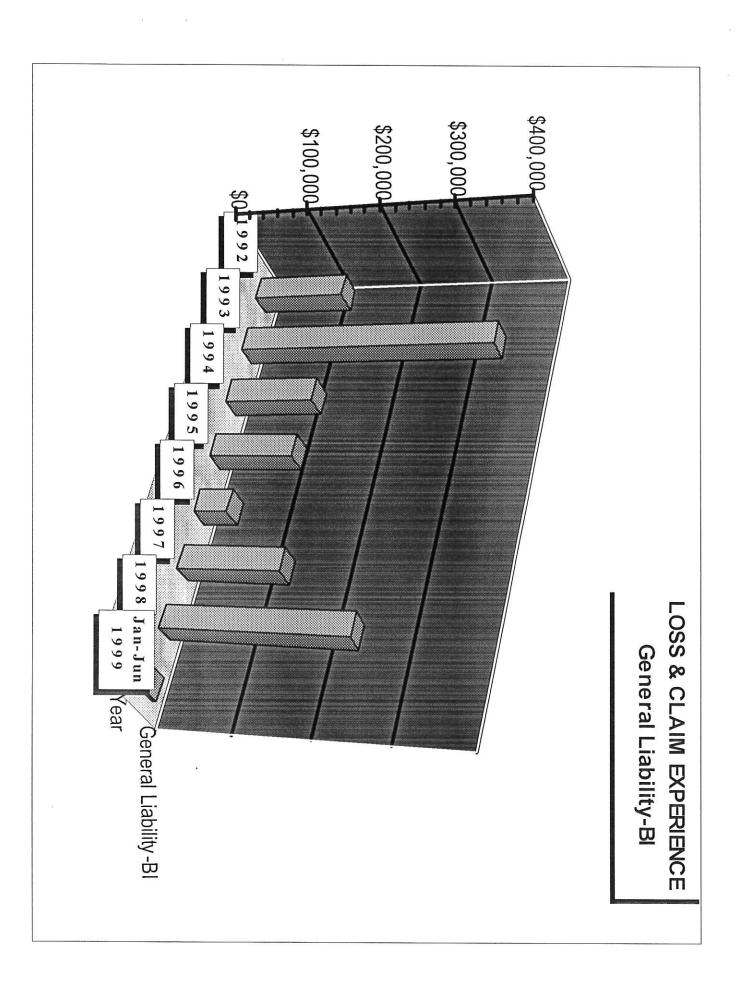
			,	
*				
		*		
	e .			



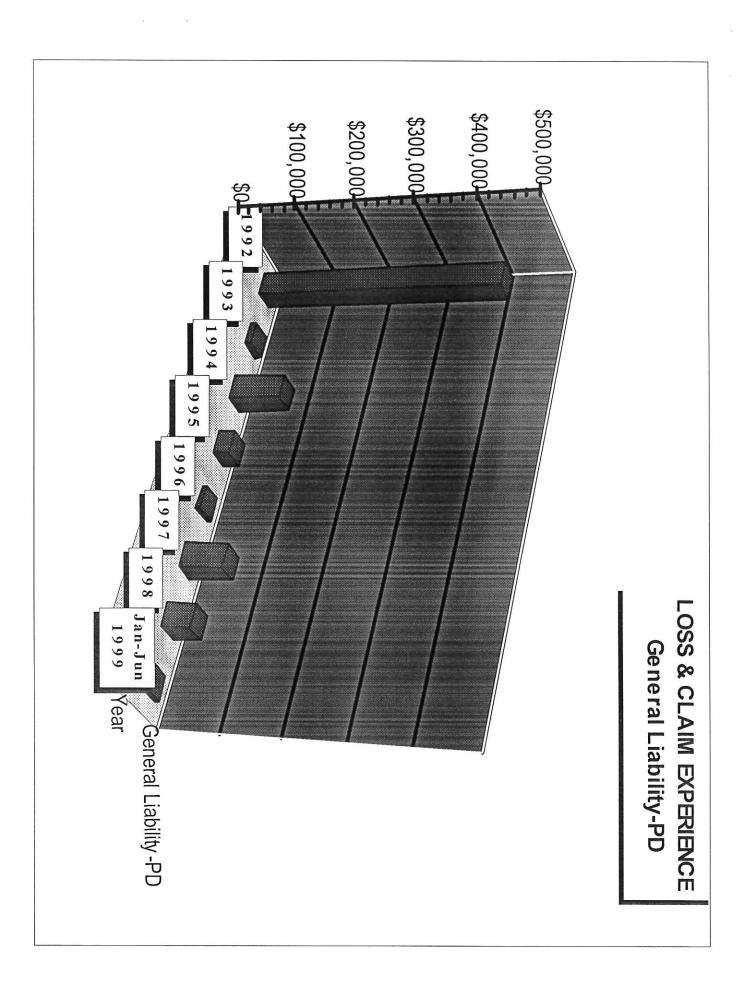
LOSS & CLAIM EXPERIENCE E&O



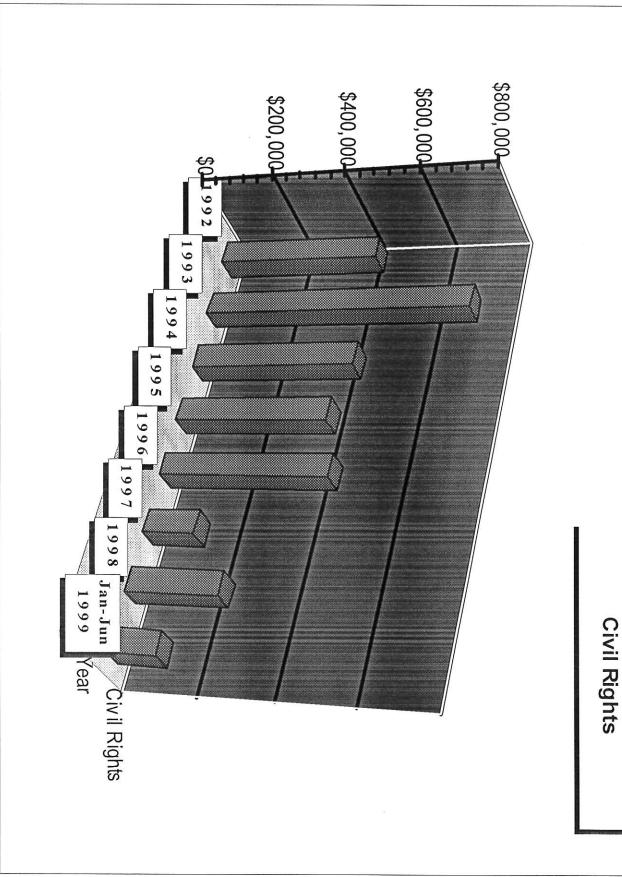
	¥	9	



8			
		*	



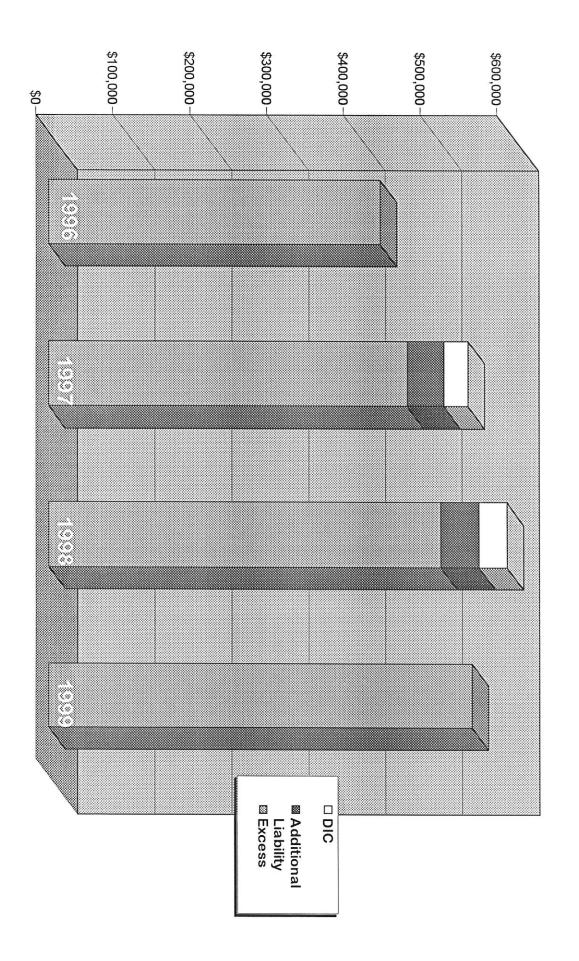
r v



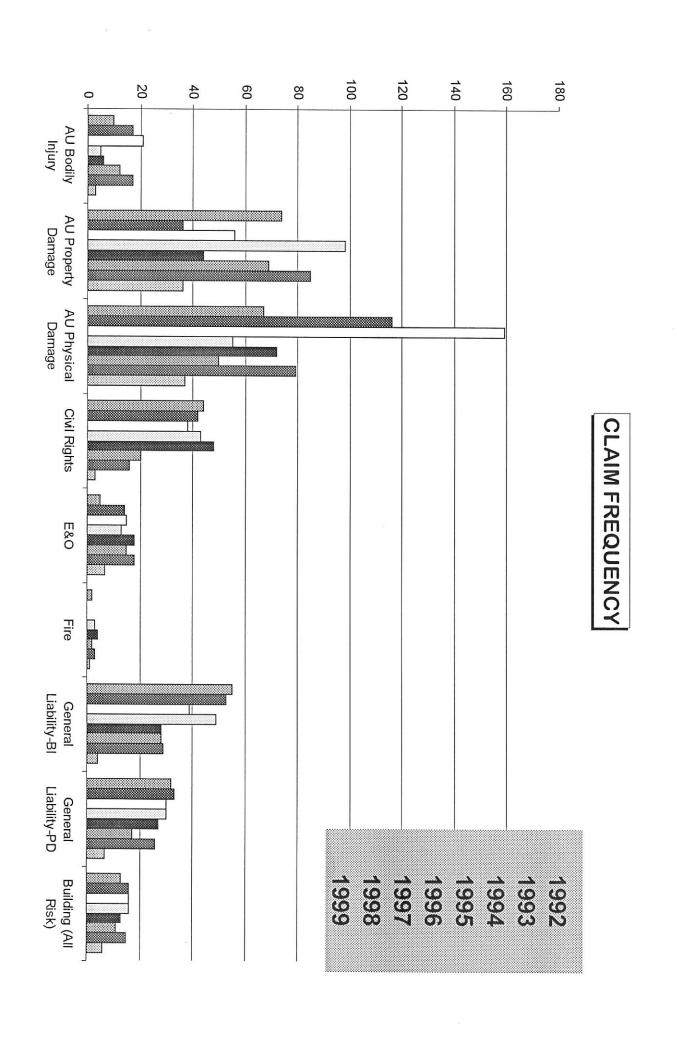
LOSS & CLAIM EXPERIENCE

8.				

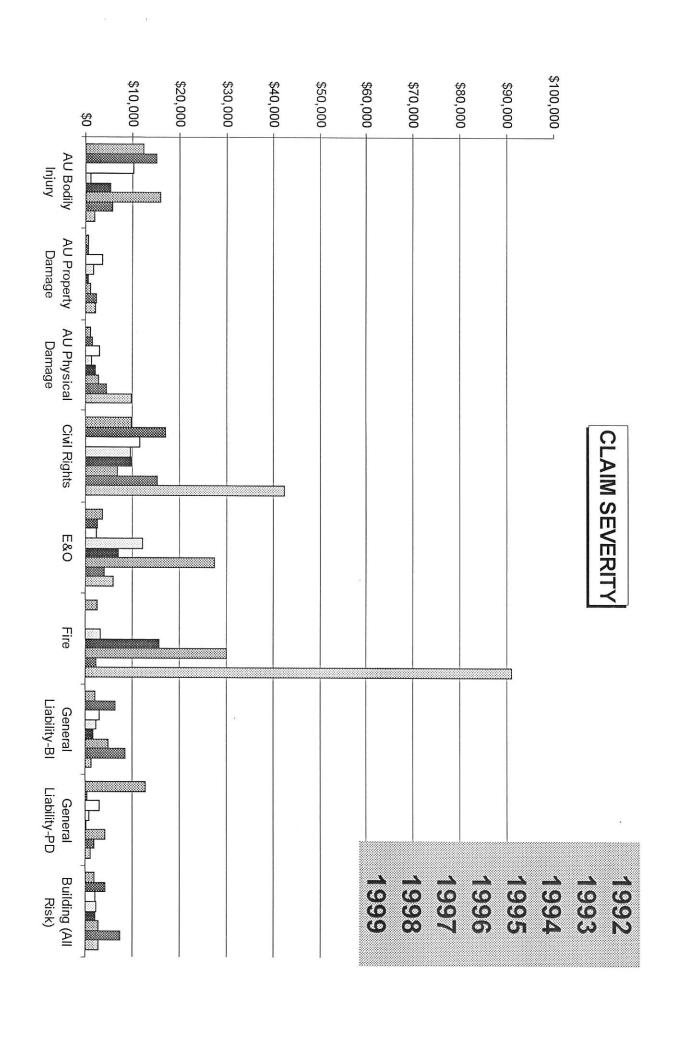
EXCESS LIABILITY COSTS



. .



	N	

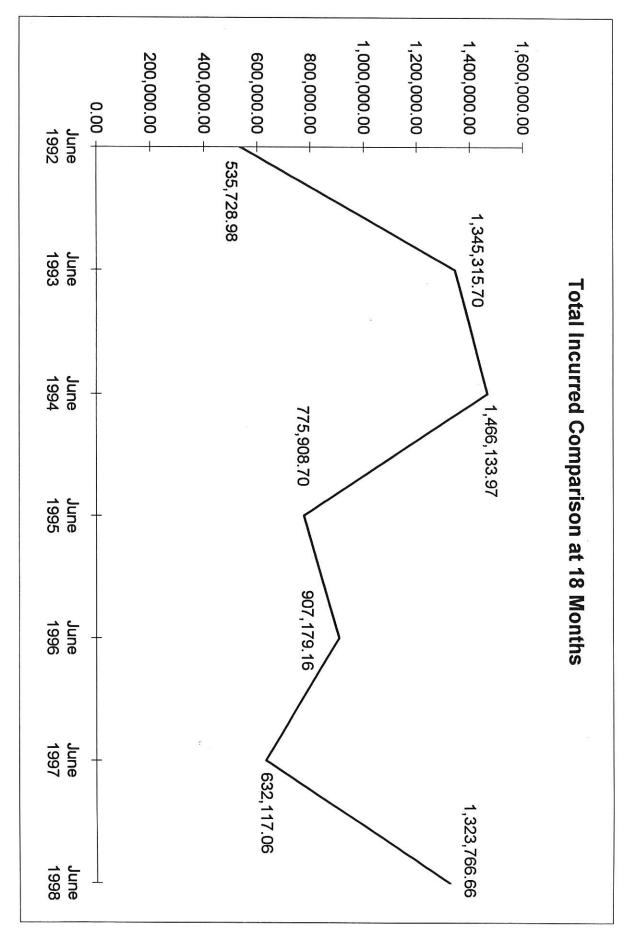


AUTO POLICY CHANGES

- 1. Raise deductible from \$1000 to 1500
- 2. Require DMV reports on all county officials, employees and volunteers who are likely to drive an auto in the scope of county employment.
- 3. Exclude all drivers with DUI in the past 3 years.
- 4. Exclude drivers with 2 or more at fault, or single vehicle, accidents in the past 3 years, or 3 overall.
- 5. Exclude all drivers with more than 180 points on DMV.
- 6. Require all county drivers to complete a driver training course every 2 years.

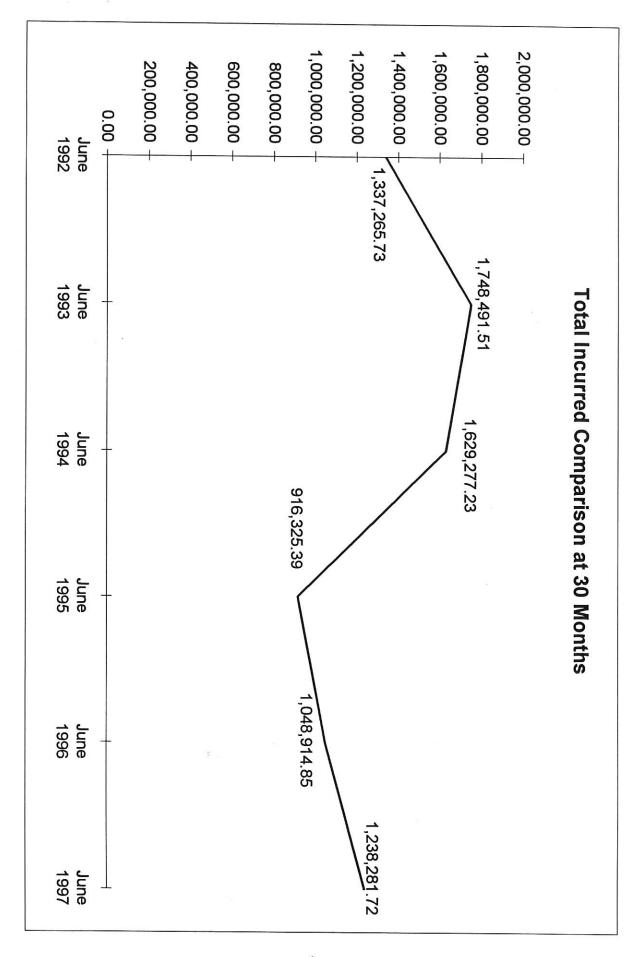
	¥ 18	
A		

UAC Insurance Mutual



•

UAC Insurance Mutual



,		
4		
¥		